



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

**Center for Medicaid and State Operations
Family and Children's Health Program Group
Division of Integrated Health Systems
7500 Security Boulevard
Baltimore, MD 21244-1850**

Mr. Ray Hanley
Director
Arkansas Department of Human Services
Division of Medical Services
Donaghey Plaza South
P.O. Box 1437
Little Rock, Arkansas

Dear Mr. Hanley:

I am pleased to inform you that the Centers for Medicare and Medicaid Services (CMS), formerly known as HCFA, is approving under waiver authority of Section 1915(b) of the Social Security Act (the Act), Arkansas' request for renewal of its Section 1915(b)(4) non-emergency transportation waiver known as the Arkansas Non-Emergency Transportation Waiver Program.

The decision to approve the waiver renewal is based on evidence submitted to CMS demonstrating that the State's proposal is consistent with the purpose of the Medicaid Program and will meet all statutory and regulatory requirements for assuring beneficiaries access to care, quality of services, and cost effectiveness for Section 1915(b) waiver programs, and will not restrict family planning or emergency services. This approval provides for the waiver of Section 1902(a)(23) of the Act – Freedom of Choice. It allows Arkansas to restrict Medicaid beneficiaries' choice to obtain medical services only from specified brokers, except for those living in nursing homes, Qualified Medicare Beneficiary (QMB) and children eligible for services through ARKids First program. Most importantly, this approval allows the State to claim transportation as an optional medical service, which is matched at the State's higher FMAP rate, rather than as an administrative expense, which is matched at 50%.

Approval of this request covers a period of two years, from August 23, 2001 through August 22, 2003. Arkansas may request that this authority be renewed. To do so, the State must submit its request for renewal at least 90 days in advance of the expiration date (i.e. by May 22, 2003).

Please note that waiver renewal approval is contingent on the following conditions:

- 1) The State will have a contract in place with a broker for Region XII, which will begin providing services by November 1, 2001.

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- 2) The State will provide to the CMS Regional Office for review and approval, at least 45 days before implementation, all future contracts and contract amendments between the State and the brokers.
- 3) The State may not make changes to the Upper Payment Limit (UPL) without prior approval from CMS. The approved UPL for the waiver renewal period is \$5.69.
- 4) At the time of renewal, in its cost effectiveness calculations, the State will provide actual member months for the current waiver period and use them to project costs for the renewal period.
- 5) The State will arrange for an independent evaluation of the overall waiver program, with special emphasis on beneficiary access to care, quality of services and cost effectiveness, to be submitted to CMS three months prior to the end of the waiver period.

We wish you success in the operation of the Arkansas Non-Emergency Transportation Waiver Program. If you have any questions, feel free to contact Linda Territo in the CMS Dallas Regional Office at (214) 767-6327.

Sincerely,

Mike Fiore
Director

Cc: Linda Territo, CMS Dallas Regional Office
Andrew Fredrickson, CMS Dallas Regional Office
Julie Everitt, CMS Central Office
Gloria Smiddy, CMS

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